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FREE SHIPS.

The Corrective of Ship Subsidy and Steel Trusts.



BY

OSBORNE HOWES.

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"There is not and cannot be the slightest pretext or excuse for continuing in force the obsolete and mischievous navigation laws which after a full trial have proved so disastrous to American ship-builders and American ship-owners and the officers and men of our mercantile marine."—Hon. JOHN M. FORBES.

The fourth in a series of articles issued by the New England Free Trade League, 649 Tremont Building, Boston, Mass.

All lovers of freedom and foes of monopoly are invited to join the League, dues one dollar per annum, which entitle the members to receive its publications.

The object of the League shall be to free our Trade, our Industries, and our People from all tariff taxes except those imposed for revenue only.

Its methods shall be to enlist the conscience, intelligence, and patriotism of the people against the system called Protection, which at the dictation of organized wealth taxes the whole American people for the benefit of a few.

FREE SHIPS.

The Corrective of Ship Subsidy and Steel Trusts.

BY OSBORNE HOWES.

That what are termed trust influences are far-reaching in their scope is made evident by recent experiences in Washington respecting the Congressional status of the Hanna-Paine Shipping Subsidy Bill. It has been difficult for many to account for the persistency with which this bill has been pushed forward in the face of a majority made up of hostile and reluctant members, and at a session of Congress too short to transact with a proper degree of consideration even necessary public business. The statement made by Senator Frye in the Senate on January 29, that he proposed to keep the Shipping Bill to the front, and did not intend to yield further to any other bill, not even an appropriation bill, unless the Senate by a vote placed appropriation bills ahead, gives evidence of a determination to insist upon passing this measure,—an insistency which would not be justified by the support, individual, corporate, or popular, which the measure has publicly received.

The ostensible promoters of this measure are a small number of individuals. Their plan has not received the indorsement of any considerable number of the large and influential commercial organizations of this country. It is opposed not merely by Democratic public men and newspapers, but by a large number of Republicans and by some of the most influential of the Republican journals. Under such circumstances, it is not easy to understand how a project of this kind should take precedence in Congress over the Isthmian Canal Bill or the constitution of Cuba,—measures which have the greatest national importance.

An explanation is found, however, when it is taken into account that, in addition to the handful of ship-owners and ship-builders who have appeared before the Congressional committees, this Shipping Subsidy Bill has the effective but unostentatious support of

the great steel manufacturing combinations, for the reason that by means of it they hope to forestall the arousing of hostile public opinion against them, and at the same time to make a better domestic market for their products.

In a paper published in a recent number of the *Scientific American* (Dec. 15, 1900), Mr. George W. Dickie, a marine architect, makes certain statements as the results of an inspection of the principal British ship-yards. He says:—

“The tariff on steel plates and shapes makes it possible for us to find the British ship-builder working into his ships American steel from Pittsburg at a less cost to him than the English material and at a less cost than is charged the American ship-builder for the same material in Pittsburg. If the American steel manufacturer can meet the British steel manufacturer on equal terms in the British ship-yard, somehow it seems as if it might be possible for the American ship-builder to get his steel material as cheap as the British ship-builder gets his.”

In the *Monthly Summary of Commerce and Finance of the United States* for August, 1900, prepared by the Bureau of Statistics of the Treasury Department, the statement is made:—

“The progress of work on ship-building in the United States has largely been retarded because makers of steel materials required a higher price from the American consumers than they did from the foreign consumers for substantially similar products. The natural limit to such a policy of maintaining a higher level of prices for these materials at home than abroad is found in the restriction of domestic construction and in the import duty. If restriction of consumption at home does not operate to prevent the short-sighted policy of discrimination against domestic development of manufacturing industries, the other contingent is more or less sure to arise; namely, the demand for a reduction of the tariff on unfinished iron and steel, in order to equalize the opportunity of makers of finished products in foreign markets. To this policy the domestic consumer is usually ready to lend himself, thus making a powerful combination of interests to set limits to the rise of domestic prices of iron and steel materials.”

These same Treasury reports indicate that month after month, for the last year, we have been sending across the Atlantic the steel plates required by English ship-builders, to the annual value of millions of dollars; and during the greater part of this time, as the

statements just given show, the price of steel plates sold to American ship-builders has been maintained at a range far higher than that demanded by American makers of steel plates from their English ship-building customers. These great American steel combinations have been prepared to take orders for, say, 10,000 tons of steel plates, to be delivered at a foreign ship-yard on the Clyde or at Belfast, at a lower price, including the entire cost of transportation, than they have been willing to name to an American purchaser who wished to buy similar plates, and who was willing to take them loaded on the cars at the steel works, where they were made.

It is obvious that a condition of affairs such as this could not long be maintained. There is a wide-spread desire throughout the country for the upbuilding of our merchant marine. We know that forty years ago we had a great merchant fleet, because at that time cheap raw materials permitted us to build vessels at a lower cost than they could be built for in any other country in the world. The pay of our shipwrights was at that time much higher than the pay of English and Dutch ship-carpenters; but their efficiency was so much greater and the price of wood—the raw material—was so much lower that we found no difficulty in competing with foreign constructors.

There is not the least doubt that similar results would follow in the line of iron and steel construction, provided our ship-builders could regularly obtain this raw material at the lower price which their nearness to the source of supply would justify them in expecting. This, however, is a concession which the steel masters, who have combined together in their control of the American market, are not prepared to make; and yet, as is pointed out in the extract from the Treasury report which is given above, it is evident that the American people are not likely long to remain passive under such a flagrant instance of trust control through the instrumentality of the protective tariff. If there were no tariff on steel plates, there would be no material difference in the price of these articles, whether in an American or an English or Scotch ship-yard. All the advantage that the American manufacturers of steel plates would then have over a foreign competitor in the United States market would be found in the cost of transporting English plates across the Atlantic. Under such circumstances the American ship-building interest would spring up and flourish. As it is, the

steel trust, aided by the protective tariff, holds up the American price, and thus makes ship-building, in those instances where the cost of material is a controlling factor, an exceedingly expensive operation in an American ship-yard. In this way, it at the same time prevents that revival of our merchant marine which all Americans so much desire.

This situation gives a clew to the powerful interests which are back of the Hanna-Paine Shipping Subsidy Bill. If the steel trust continues to discriminate in this manner against a domestic industry, not only the ship-builders and ship-merchants, but the American people generally, will be aroused to the task of making a determined effort to have the protective tariff so far amended as to at least repeal the duty upon steel plates, as it is evident that this is the chief barrier in the way of the restoration of our merchant marine. If, on the other hand, the steel trust, acting with the ship-builders, can persuade the government of the United States to pay a liberal bounty to all vessels built in American ship-yards, then the ship-builders can afford to pay without grumbling, to the representatives of the steel trust, the higher price that the latter demand for the raw material out of which merchant vessels are to be built. If an American ship-builder complains that the steel trust is charging him an extortionary price, the representatives of the steel trust will have a good and sufficient answer when they say that this excessive charge is more than compensated for by the bounty which American-built shipping draws from the United States Treasury. Even though it may cost much more, and even though it entails a large annual expenditure to the American people, a merchant marine of certain dimensions can and will be built up by means of the bounty system; and any trade feeling or popular indignation against the exactions of the steel trust will be, to quite a degree, allayed, for the reason that there will not be, as there otherwise would be, this potent object-lesson, in the form of a ruined merchant marine, of the cost to our country of establishing and maintaining a steel monopoly.

There is good reason for thinking that the tremendous influences that have been brought to play at the national capital in forwarding this measure have been due in no slight degree to the interests above named. It is exceedingly difficult to have even meritorious legislation enacted by Congress. The barriers in the way of positive action are numerous and potent; and, when a legislative project

is strongly opposed, there are so many ways of preventing action that the promoters of a measure rarely think it desirable to push it through in the face of a considerable amount of resistance. An illustration of this is found in the case of the oleomargarine bill, which has an enormous support among the farming classes, but which has been side-tracked in the Senate by the silent but effective opposition of a comparatively few members. But the Shipping Subsidy Bill, which seemingly has many more opponents and relatively few visible friends, has been pushed and maintained with a pertinacity that can only be accounted for on the ground that enormously powerful interests are at work to secure its passage.

It has been suggested that, even if the bill becomes a law, it will be possible to at any time have it amended to the extent of permitting all American citizens to purchase foreign-built vessels, have these given an American register, which will permit them to be sailed under the American flag, with the understanding that they are not to draw a cent of subsidy from the national Treasury. This would to a large degree neutralize the benefit of the bounty to the steel trust, for the reason that, if, as is now the case, the trust sold its steel plates in Europe at a lower price than in the United States, American ship-merchants would purchase vessels built on the other side of the Atlantic, for the reason that, though these did not draw a subsidy, they could be, in consequence of their lower cost, advantageously used in the general carrying trade of the world.

The proposed subsidy is to be paid only to those vessels engaged in American business; that is, carrying cargoes either to or from the United States. But the business of general transportation all over the world is far greater than this restricted trade; and, if our merchant marine, formed of low-cost, foreign-built ships, could be built up through employment in this general trade, it would tend to throw the entire subsidy system into disrepute, and tend also to force the steel trust — in order that our ship-builders could compete with foreign ship-builders — to sell their steel plates at prices in some way corresponding to those obtained in the world's market. Should the Shipping Subsidy Bill become a law, it will undeservedly draw each year a large amount of money from the public Treasury; but this is a relatively small matter compared with the repressive effect it will have upon the healthy development of our merchant marine and the strength that it will give to the position

of the steel trust. As a corrective, it will be necessary to insist on repealing the navigation laws, so that those American merchants who wish to engage in business, not for politics or plunder, but for legitimate profit, may be granted the opportunity, as the German, Norwegian, and English ship-merchants now are, to buy their ships in the cheapest market, wherever that may be, and, having these placed under the American flag, be further permitted to employ them wherever they can find advantageous business, with the possible exception of the coastwise trade.

There has been a growing belief that the Subsidy Bill represents the repayment of Republican campaign contributions, and it is much more likely that these contributions have been made by those representing the steel trust than that they have been made by those identified with any other industry. This combination could afford to contribute large sums of money to the party campaign fund: it is in a position to grant or refuse large favors in the future, and that it has backed up this measure and insisted upon its adoption is the most reasonable explanation for the intense determination of Senator Hanna and other prominent Republican party managers to push it through Congress.



